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June 30, 2004

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HAND DELIVERY

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

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JUN 30 2004

PUBLIC SERVICE
COMMISSION

**RE: In the Matter of: An Examination of Louisville Gas and Electric Company's
Prepaid Gas and Electric Service**
Case No. 2002-00232

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraph 9 of the Commission's Order dated March 28, 2003 in the above-referenced case, Louisville Gas and Electric Company files herewith an original and ten (10) copies of its response to the information requested in Appendix B of said Order.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

Allyson K. Sturgeon

AKS/cc
Enclosures
cc: Parties of Record

**Louisville Gas and Electric Company's
Semi-Annual Report on the Prepaid Metering Program
For the Period November 1, 2003 - April 30, 2004
Pursuant to PSC Orders Dated March 28, 2003 and May 7, 2003
In Case No. 2002-00232**

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COMMISSION**

LG&E Prepaid Metering Report

June 2004

Q1. State the number of program participants on the first day of the reporting period and at month's end for each month in the reporting period.

A1.

Month/Year	Number of Participants at beginning of month	Number of participants at end of month
Nov-2003	376	332
Dec-2003	332	322
Jan-2004	322	316
Feb-2004	316	331
Mar-2004	331	329
Apr-2004	329	316

Q2. a) List a schedule identifying, by category and amount, all costs of the prepaid meter program for the reporting period including, but not limited to, direct and allocated labor costs of employees involved in operating and administering the prepaid meter program, the costs of program-related training, and the costs of program-related service calls.

b) Please provide an analysis of any embedded costs that have been reduced due to employees that regularly work with customers on payment issues being required to do less of such work due to this program.

A2. a)	Diebold	\$	1,100.00
	Program maintenance	\$	32,892.53
	Cash Collection	\$	<u>4,000.00</u>
		\$	37,992.53

b) Due to the limited number of customers currently in the program, no appreciable cost reductions have yet been realized.

Q3. For each participant joining the program, the amount of arrearage when the participant joined the program and at the end of the reporting period.

A3.

Account	PAYG Start Date	Starting Arrears	PAYG Exit Date	Current or Ending Arrears	Date Paid
xxxx290651006	02/26/04	\$526.64	n/a	\$324.14	
xxxx809830003	02/27/04	\$890.32	n/a	\$703.72	
xxxx839005002	02/27/04	\$439.03	n/a	\$273.43	
xxxx388767008	02/24/04	\$748.07	n/a	\$691.68	
xxxx126328003	02/20/04	\$290.71	n/a	\$233.75	
xxxx535068006	02/18/04	\$539.42	n/a	\$174.02	
xxxx028283004	02/17/04	\$357.05	n/a	\$198.20	
xxxx658660005	02/13/04	\$1,184.28	n/a	\$928.08	
xxxx908385004	02/13/04	\$263.89	n/a	\$157.39	
xxxx736023003	02/13/04	\$1,237.76	n/a	\$1,072.26	
xxxx296819004	02/13/04	\$800.82	n/a	\$494.82	
xxxx584820005	02/13/04	\$662.09	n/a	\$612.59	
xxxx822113003	02/17/04	\$874.91	n/a	\$579.11	
xxxx783733002	02/10/04	\$368.92	n/a	\$195.22	
xxxx902534003	05/06/04	\$296.16	n/a	\$255.66	
xxxx867653006	04/08/04	\$306.82	n/a	\$230.02	
xxxx010264005	04/08/04	\$208.91	n/a	\$126.11	
xxxx541651006	04/06/04	\$410.71	n/a	\$353.11	
xxxx364576004	04/06/04	\$0.00	n/a	\$0.00	
xxxx782856005	04/06/04	\$199.14	n/a	\$197.64	
xxxx048601004	04/06/04	\$440.54	n/a	\$440.54	
xxxx152612001	03/22/04	\$469.94	n/a	\$390.44	
xxxx823259003	03/12/04	\$646.81	n/a	\$462.01	
xxxx957726001	03/12/04	\$537.06	n/a	\$344.76	
xxxx979541001	03/16/04	\$359.40	n/a	\$325.80	
xxxx992272001	03/09/04	\$0.00	n/a	\$0.00	
xxxx964045001	02/27/04	\$717.61	n/a	\$490.51	
xxxx863291002	02/10/04	\$473.61	n/a	\$151.01	
xxxx123431001	03/12/04	\$0.00	06/02/04	\$0.00	
xxxx966030002	03/09/04	\$346.43	04/13/04	\$340.43	
xxxx732091003	02/24/04	\$465.59	05/25/04	\$465.59	
xxxx910097002	02/23/04	\$0.00	05/12/04	\$0.00	
xxxx954666001	02/17/04	\$825.25	04/08/04	\$825.25	

Account	PAYG Start Date	Starting Arrears	PAYG Exit Date	Current or Ending Arrears	Date Paid
xxxx249747001	02/10/04	\$723.80	05/11/04	\$648.80	
xxxx778780004	02/10/04	\$580.23	04/29/04	\$553.83	

Q4. a) The number of disconnections by month, or by the number of times that participants permitted their prepaid usage to run to zero from November through March;

b) The total amount of time disconnected customers were without service; and a schedule of how often participants disconnected.

A4. a) Between the months of November 2003 through March 2004, customers permitted their purchased energy to run down to zero a total of 695 times.

	1	2-4	5-9	10-15	16-20	21-49	50+
Nov-03	61	62	5	1	0	0	0
Dec-03	74	64	7	0	0	0	0
Jan-04	63	64	11	0	0	0	0
Feb-04	82	52	6	0	0	0	0
Mar-04	77	60	6	0	0	0	0
Total	357	302	35	1	0	0	0

b). The Motorola equipment does not permit us to know the total amount of time customers are self-disconnected, only the number of times a customer self-disconnects due to the life-line. During November 2003 through March 2004, there were no self-disconnects due to the life-line. In April 2004, out of the 120 customers who permitted their purchased energy to run down to zero, 57 of those customers self-disconnected once and only once. 45 customers self-disconnected two to four times, 16 customers self-disconnected five to nine times, and 2 customers self-disconnected ten to fifteen times during April, 2004. In fact, no customer self-disconnected more than 13 times during April.

Q5. Provide a schedule comparing bad debt write-offs during the reporting period with the write-offs during the previous 6 months along with an analysis of how the operation of this program impacted the level of new bad debts and the amount written off during the reporting period.

A5. Charge-off comparison (Residential only)

November 1, 2004 to April 30, 2004

Gross charge-offs \$2,294,229.00

May 1, 2003 to October 31, 2003

Gross charge-offs \$3,430,807.05 (This amount includes an increase of approximately \$1,000,000.00 due to accounting change in charge-off process from 180 days to 120 days.)

Due to the relatively small number of participants during the reporting period, the operation of the prepay meter program had no significant impact on the level of new bad debts and the amount written-off during the reporting period.

- Q6. LG&E should report on the effectiveness of, and any problems with, the new AMPY metering equipment. LG&E should identify if there are any breakdowns, repairs, and replacements, and the related costs it incurs that are not covered under the equipment warranties or recoverable from AMPY under the terms of such warranties.
- A6. The agreement to convert to Ampy metering equipment has been terminated and, as a result, Ampy equipment has not been utilized.